

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**NOVEMBER 9, 1993, 9:00 AM EST**

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Tuesday, November 9, 1993. Members present were Messrs. Mark Hasten, presiding, W. Paul Wolf, Anthony Zaleski, Jr., Daniel Leitch, Norman Lowery, and Mrs. Dee Godme. Also present from the Department were Director Charles W. Phillips, J. Philip Goddard, Legal Counsel; James M. Cooper, Supervisor, Mergers and Acquisitions; Kirk J. Schreiber, Bank Analyst; Eric Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; Robert E. Haler, Supervisor, Consumer Credit Division; Mark Tarpey and Donna Kaye, Consumer Credit Division; Mark K. Powell, Supervisor, Credit Unions; and Janice L. Davis, Administrative Assistant. Board Member Douglas Grant was absent.

**I. PUBLIC SESSION**

- A.) Attendance
- B.) The date of the next Members Meeting was set for December 16, 1993, at 9:00 a.m. EST.
- C.) Approval of the minutes of the meeting held October 14, 1993. A motion was made for approval of the minutes by Mrs. Godme, and seconded by Mr. Zaleski. The minutes were unanimously approved.

**DIVISION OF BANKS AND TRUST COMPANIES**

**A) National City Bancshares, Inc., Evansville, Vanderburgh County, Indiana**

National City Bancshares, Inc. applied to the Members of the Department for approval to acquire control of Sure Financial Corporation, Washington, Daviess County, Indiana, and thereby indirectly acquire its subsidiaries: The Bank of Mitchell, Mitchell, Lawrence County, Indiana; The Pike County Bank, Petersburg, Pike County, Indiana; The Spurgeon State Bank, Spurgeon, Pike County, Indiana; and The State Bank of Washington, Washington, Daviess County, Indiana. Mr. Eric Roberts, Senior Bank Analyst, presented the financial data to the members. The application was filed pursuant to IC 28-2-14. Notice of the application was published in Vanderburgh, Daviess, Lawrence, and Pike Counties on October 7, 1993, October 1, 1993, and October 7, 1993, respectively. It was reported that on a pro forma basis as of June 30, 1993, the total assets of the applicant were \$715,798,000 and total equity capital was \$83,213,000. Additionally, on a pro forma basis as of the same date, tier one capital and total capital ratios were 11.41% and 12.01%, respectively.

National City Bancshares proposes to acquire 28,634 shares of Sure stock by an exchange of stock. The merger agreement provides that all outstanding common stock of Sure will be converted into shares of NCB. Shareholders of Sure would receive in exchange for their shares of common stock, 14.9 shares of NCB's common stock. Based upon shareholders equity of Sure, as of June 30, 1993, the market value of the consideration payable in the transaction is equal to 170% of tangible book value of Sure, as of the same date. On October 14, 1993, the Federal Reserve Board of St. Louis, acting pursuant to delegated authority for the Board of Governors, approved the application of National City Bancshares, Inc., Evansville, Indiana, to merge with Sure Financial Corporation, Washington, Indiana. Upon motion for approval by Mr. Leitch and seconded by Vice-Chairman Wolf, the proposal was unanimously approved.

B) **National City Bancshares, Inc., Evansville, Vanderburgh County, Indiana**

National City Bancshares, Inc. applied to the Members of the Department of Financial Institutions for approval to acquire control of Lincolnland Bancorp, Inc., Dale, Spencer County, Indiana and thereby indirectly acquire its only bank subsidiary, Lincolnland Bank, Dale, Spencer County, Indiana. NCB will survive the merger and continue its existence. After the effective date of the merger Lincolnland Bancorp, Inc. will be a wholly owned subsidiary of National City Bancshares, Inc. NCB proposes to acquire 252,745 shares of Lincolnland stock by an exchange of stock. Eric Roberts, Senior Bank Analyst, reported that it was the staff's opinion that the statutory criteria set forth in IC 28-2-14-12 has been satisfied. The application division of the Federal Reserve Bank of St. Louis reported to the Department that National City Bancshares application should be approved under delegated authority the week of November 1, 1993. Mr. Wolf made a motion for approval of the application and was seconded by Mr. Zaleski. The acquisition was unanimously approved.

C) **The McDonald Trust Company, Indianapolis, Marion County, Indiana**

David W. Knall, as incorporator, applied to the Members of the Department for approval to form a State-chartered trust company to be known as "The McDonald Trust Company," Indianapolis, Marion County, Indiana. The trust company will be a free standing non-depository trust company that will serve in the capacity of a fiduciary. The McDonald Trust Company would be a subsidiary of McDonald and Company Investments, Inc., which is a full service regional investment banking firm, and operates 32 offices in 8 states, primarily in Indiana, Ohio, and Michigan. The main office will be located in Indianapolis, Indiana with a second office in Cleveland, Ohio, and a third office located in Cincinnati, Ohio. They expect to have an initial staff of six employees. The Board of Directors of McDonald will ultimately be responsible for the trust company, and have expressed plans of managing all three offices through several committees, which will include a trust management committee, a trust investment committee, and a trust audit committee. The three offices will be basically autonomous to each other, in that each office will execute and originate its own trust documents.

Upon obtaining approval from the Department, McDonald will apply for a certificate of authority to exercise trust powers as a foreign trust company in Ohio. Mr. J. Philip Goddard and Mr. James Cooper have been in contact with the Office of the Ohio Superintendent of Banks and have discussed the necessary details involved in the examination process which would take place, due to the interstate location of offices. Mr. Cooper and Mr. Goddard also informed the Members that there is an agreement between the applicant and the Department setting forth an understanding of terms and responsibilities which will exist as a result of this trust company having interstate offices. This agreement has been negotiated with the law firm of Baker & Daniels who represent the applicant. The applicant has submitted for approval the Articles of Incorporation of the proposed trust company to the Department, as required pursuant to IC 28-11-5-2. With respect to IC 28-11-5-2, the following is a summary of the investigation conducted by the Department of the proposed trust company: 1) the financial standing and character of the incorporator is considered acceptable; 2) the qualifications, and experience of the officers of the proposed trust company is considered acceptable; 3) there is a public necessity for a financial institution in the community where the proposed financial institution is to be established; and, 4) the proposed capital (1.5 million dollars) of the trust company is considered adequate. A motion was made for approval by Mr. Wolf and was seconded by Mr. Leitch. The trust company was unanimously approved.

D) **Employee Stock Ownership Plan of Hoosier Hills Financial Corporation, Osgood, Ripley County, Indiana**

The Employee Stock Ownership Plan of Hoosier Hills Financial Corporation applied to the Members of the Department of Financial Institutions for approval to acquire up to 40% of the issued and outstanding stock of Hoosier Hills Financial Corporation. Hoosier Hills Financial Corporation owns

100% of the issued and outstanding stock of the Ripley County Bank, Osgood, Ripley County, Indiana. The staff requested a 30 day extension of time to obtain additional information. Mr. James Cooper made the request for an extension of time on behalf of the staff and cited IC 28-1-2-23 as the authority for such an extension. Mr. Zaleski made the motion for the extension of time, which was seconded by Mr. Lowery. extension was unanimously granted.

E) **ANB Corporation, Muncie, Delaware County, Indiana**

ANB Corporation filed an application pursuant to IC 28-2-14 for approval to acquire 100% of the issued and outstanding shares of common stock of Winchester Bancorporation, Winchester, Randolph County, Indiana, and thereby indirectly acquire its only bank subsidiary, Peoples Loan and Trust Bank, Winchester, Randolph County, Indiana. As a result of the acquisition, ANB would indirectly control Winchester's only bank subsidiary, The Peoples Loan and Trust Bank of Winchester, Indiana. Under the agreement of merger and acquisition, Winchester shall be merged with and into ANB under ANB's articles of incorporation. Peoples Bank will then be the wholly owned subsidiary of ANB. It is the present intention of ANB to operate Peoples as a separate banking entity with its principle place of business in Winchester. On a pro forma basis, as of June 30, 1993, ANB's total assets were \$432,148,000 and total equity capital was \$40,091,000. Also on a pro forma basis, as of the same date, tier one capital and total capital ratios were 8.08% and 8.72%, respectively. The required publications were made in Delaware and Randolph Counties on October 28, 1993, and October 29, 1993, respectively. Mr. Roberts reported to the members that the statutory criteria found in IC 28-2-14-2(e) have satisfactorily been met. A motion for approval of the acquisition was made by Mr. Lowery and seconded by Mrs. Godme. The acquisition was unanimously approved.

## **DIVISION OF CREDIT UNIONS**

- A) A request was filed for approval of the proposed merger of Grant County Farm Bureau Credit Union, Marion, Grant County, Indiana into Wabash County Farm Bureau Credit Union, Wabash, Wabash County, Indiana. Mark K. Powell, Supervisor of Credit Unions, presented the application and pointed out that this is a voluntary merger initiated by The Grant County Board of Directors to provide the membership of the Grant County Farm Bureau Credit Union with more sophisticated services that are available and provided for by the much larger Wabash County Farm Bureau Credit Union. It was noted that both of these credit unions are state chartered and are insured by the American Share Insurance Company, Dublin, Ohio. After the merger there will continue to be an office in Grant County. A motion was made for approval by Mr. Wolf and seconded by Mrs. Godme. The merger was unanimously approved.

## **DIVISION OF CONSUMER CREDIT**

- A) Western Diversified Services, Inc. requested that the Department make a determination as to the benefit to buyers and debtors of a debt cancellation charge and the reasonableness of that charge in relation to the benefits under Section 2-202(1)(c) of the Uniform Consumer Credit Code (IC 24-4.5). This section permits sellers to impose additional charges on sale transactions under the Code that are not otherwise specified. This is a follow-up to the original proposal which was made at the October 14, 1993, meeting. It was determined that further information would be submitted by the applicant. A decision was not made at that meeting and this item was deferred to the November meeting. Mr. Mark Tarpey, Division Coordinator, presented the application and reported that Mr. Howard Cohen of the law firm of Locke, Reynolds, Boyd & Weisell submitted the information requested by the Department, and the responses were found to be satisfactory. Mr. J. Philip Goddard reported that the question of standing of the applicant has been resolved to his satisfaction and that the concerns which were raised in the October meeting have been mutually resolved. A motion was made for approval by Mr. Leitch and seconded by Mr. Zaleski. The request was unanimously approved.

## **DIRECTOR'S COMMENTS AND REQUESTS**

- A) A report was given by Donna R. Kaye, Consumer Credit Division, on the National Association of Consumer Credit Administrators (NACCA) Continuing Education School in Cincinnati, Ohio, and updated the members on the associations meeting in Boston. Mrs. Kaye reported that Indiana sponsored the school which was held on October 11 through 14, 1993, in Cincinnati, Ohio. This conference was the educational school of the National Association of Consumer Credit Administrators in which 158 examiners, representing 32 states, met for purposes of discussing and evaluating examination techniques and legal issues which have given regulators serious concern. Director Phillips pointed out that he and Mr. Goddard both attended the meeting and that the school was very impressive. He added that of the 32 states attending, our staff not only did a commendable job of putting on the various lectures and sessions, but it was apparent that the Indiana staff has excelled in job knowledge and skills.
- B) The Director advised the Members of actions taken pursuant to delegated authority, which were as follows:

### **DIVISION OF BANKS AND TRUST COMPANIES**

- 1) **FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION, COUNTY, INDIANA**  
The bank has submitted a request to establish a branch banking office to be known as the "Capital Center Banking Center." The branch will be located at 251 North Illinois Street, Indianapolis, Marion County, Indiana. This will be the applicant's 15th branch. The request was approved by the Director under Delegated Authority on October 21, 1993.
- 2) **IRWIN UNION BANK AND TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**  
The bank has submitted a request to establish a branch banking office to be located at 50 East Hancock Street, Seymour, Jackson County, Indiana. The bank will operate twelve branches after the addition. The request was approved by the Director under Delegated Authority on October 21, 1993.
- 3) **KENTLAND BANK, KENTLAND, NEWTON COUNTY, INDIANA**  
The bank has applied to the Department for permission to amend their articles of incorporation pursuant to IC 28-13-14-10. The proposed amendment will include a paragraph to provide for indemnification of directors, corporate officers and employees. This amendment will augment the indemnification provisions of IC 28-13-13. The request was approved by the Director under Delegated Authority on October 21, 1993.
- 4) **FIRST COMMUNITY BANK AND TRUST, BARGERSVILLE, JOHNSON COUNTY, INDIANA**  
The bank has submitted a request to establish a branch banking office to be known as the "White River Office." The branch will be located at 298 State Road 135 North, Greenwood, Johnson County, Indiana. This will be the applicant's 4th branch. The request was approved by the Director under Delegated Authority on October 29, 1993.

### **DIVISION OF CREDIT UNIONS**

- 1) **CAPITAL PLUS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**  
A request was made for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Erler Industries - North Vernon - 135 members

The request was approved by the Director under Delegated Authority on October 25, 1993.

2) ELKHART COUNTY FARM BUREAU CREDIT UNION, GOSHEN, ELKHART COUNTY, INDIANA

A request was made for approval of an application to establish a branch office at 113 West Washington Street, Millersburg, Indiana.

The request was approved by the Director under Delegated Authority on October 26, 1993.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

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Mark Hasten, Chairman

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J. Philip Goddard, Secretary